

Project Opportunity



HUNTSVILLE
The Star of Alabama

Project Background:

Project Opportunity is a retail project that the City of Huntsville has been working since November 2022 to secure a “**new-to-market**” grocery retailer to locate within the Huntsville market.

The City of Huntsville has worked with this grocery retailer to select locations based on:

- (i) recent population growth;
- (ii) areas that are in need of grocery retail options to better serve the community;
- (iii) Secure six (6) locations within the City of Huntsville to serve the Huntsville-Madison County Metro area;
- (iv) Selection site locations that provide additional retail opportunities.

Project Opportunity

The “new-to-market” grocery retailer:



Grocer Background:

K-VA-T Food Stores (Food City) actually dates back to 1955 when founder Jack C. Smith opened the first store in Grundy, Virginia. Today, K-VA-T owns and operates 150 stores across multiple states.

K-VA-T Food Stores :

- 40th on the Progressive Grocer's List of America's Largest Supermarket Chains
- 55th on Supermarket News - Top North American Food Retailers
- 269th Forbes Magazine's - List of the Largest Privately-Held Companies



Active within a Community:



The Food City **School Bucks Challenge** program provides \$700,000 annually in donations to local school systems within Food City communities.



Food City annually supports local non-profits. The program has averaged \$10 million per year in non-profit donations within communities they serve.



The **FARM** to **FOODCITY** Program allows local growers to partner with Food City to supply local produce to store and their customers.



Development Agreement Overview

Project Overview:

Number of New Stores in Huntsville: **Six (6) locations**

Total Capital Investment: **\$90,000,000**

Total New Jobs: **1,350**

Project Phases: **Phase I – 3 Stores**

Phase II – 3 Stores

Construction Start: **May 2023**

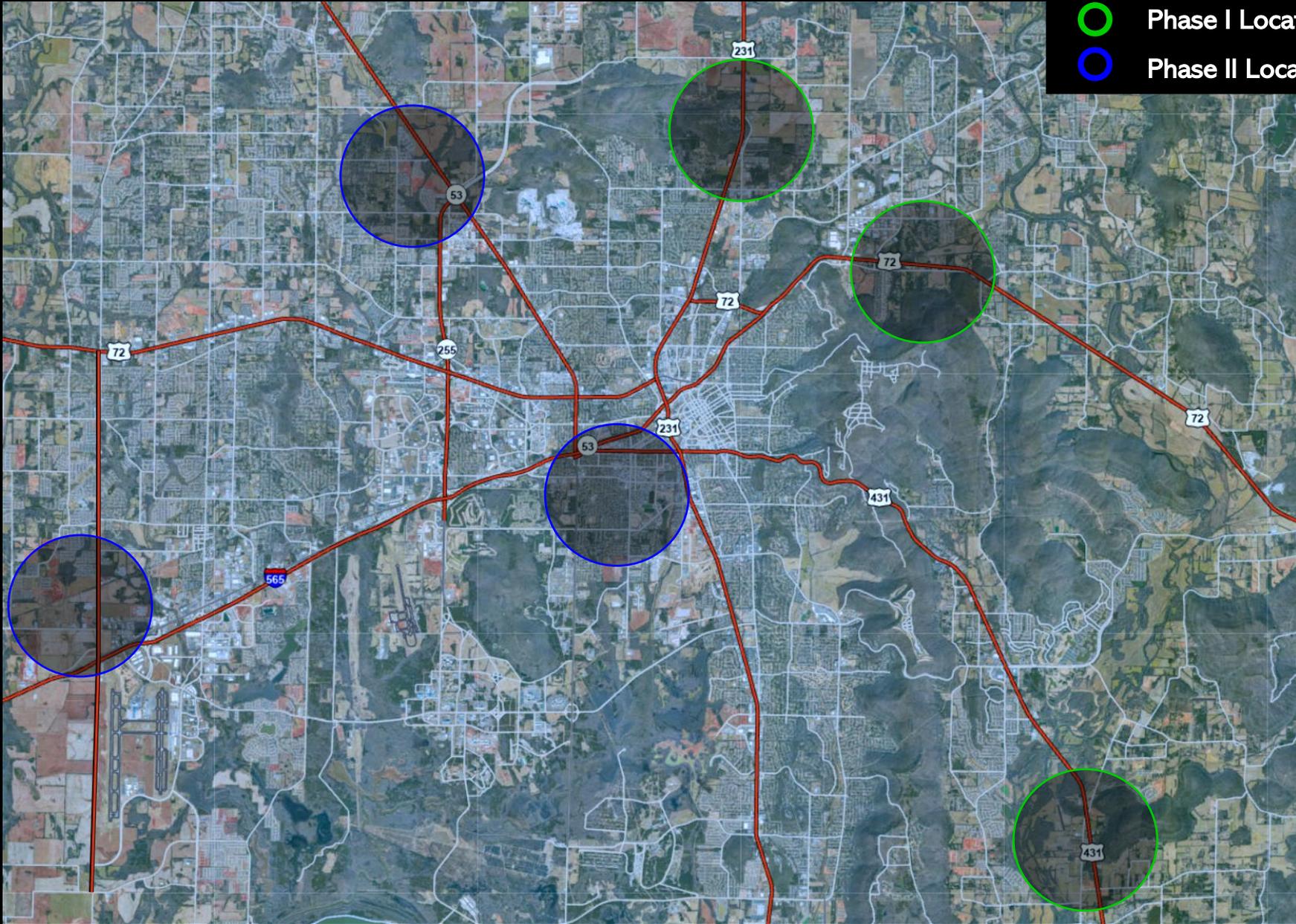
Project Overview:

Food City would commit to construct six (6) full service grocery stores that would include the following store amenities:

- Customary Full-Service Grocery Offerings
- Custom Prime Meat and Seafood Department(s)
- National Retailer Coffee Shop
- Full-Service Deli and Bakery
- Pharmacy Services
- Floral Department
- Fuel Centers *(select locations)*



Proposed Store Locations:



Phase I Store Locations:

North Memorial Parkway
(U.S. 231 N)



Hampton Cove
(U.S Hwy 431 S)



Chase Area
(U.S Hwy 72 E)



Phase II Locations would be announced upon approval of Development Agreement.

Project Overview:

The City of Huntsville would rebate 89% of sales tax for each store location (\$1.5M cap/store) to cover typical public infrastructure improvements associated with economic development projects that the City would normally provide:

- Utility Infrastructure
 - Public ROW Improvements
 - Sewer Extensions
 - Drainage Infrastructure
 - Site Preparation and Public Access Improvements
-

City Protection:

ALL three (3) Phase I store locations must be completed and open for business prior to the Company qualifying for any reimbursement payment for any Phase I store location.

Phase II store locations must also be completed and open to the public in order to qualify for a reimbursement payment.

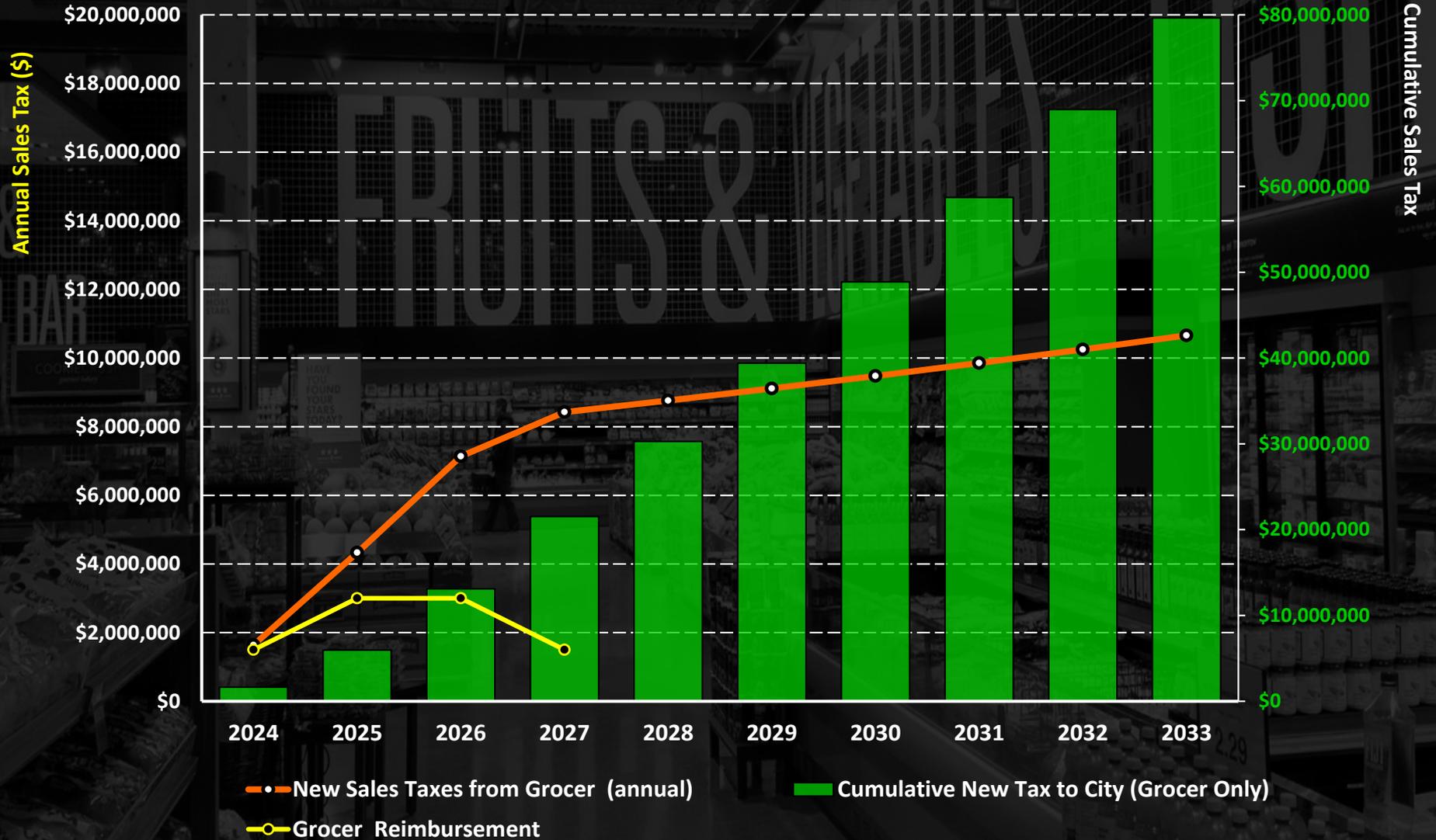
Key Benefits for the City of Huntsville

The City of Huntsville has guided the site selection process for the locations of the proposed six (6) grocery development sites to ensure the following benefits to the City:

1. Providing grocery retail options in areas of the City that are currently underserved with retail options.
2. Creation of a new sales tax base by securing all six (6) locations within the City of Huntsville.
3. Proposed locations will accommodate additional retail development. *(shadow space and outparcels on the proposed grocery development sites)*
4. Development Agreement is structured such that funding from the Capital Improvement Plan is not used for the required public improvements needed to support these developments.

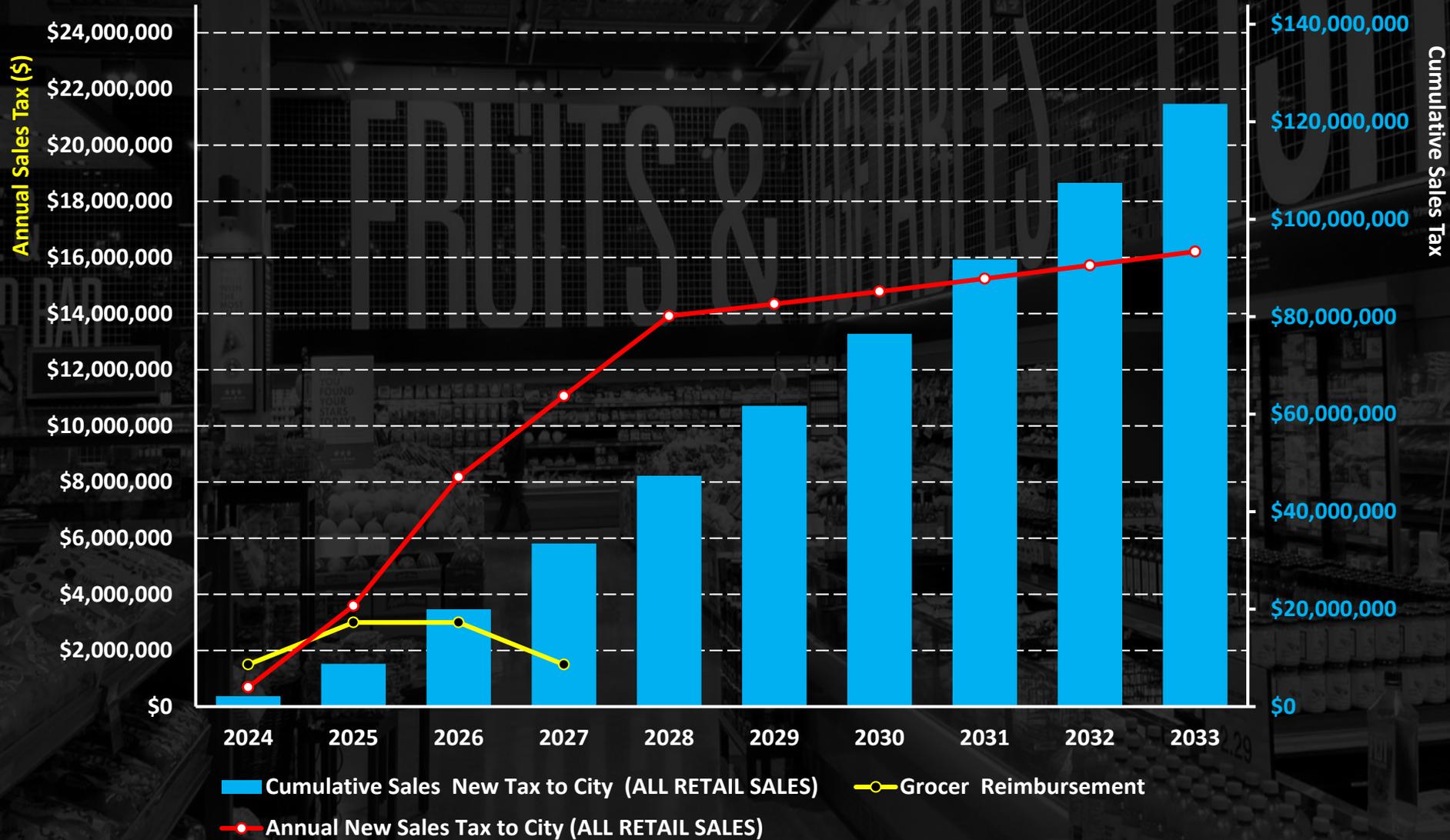
Return on Investment

10-Year Revenue Projections (Grocery Retailer Only)



Return on Investment

10-Year Sales Tax Revenue Projections (ALL RETAIL SALES)



City Return on Investment Summary:

Return on Investment : 25 months

Total New Revenue to the City (10-Year): \$123,668,749
(all retail sales)

- Estimated Sales Tax to City *(Store Construction)*: \$2,025,000
- Estimated Annual Property Taxes *(Grocer Only)*: \$1,044,000
- Total New Sales Taxes to the City (10-Year): **\$79,639,230**
(from grocery sales only)

- ✓ City will collect new sales taxes during Grocer Reimbursement Period.
- ✓ Project would ensure future tax base growth by securing all six(6) grocery locations within Huntsville city limits.
- ✓ Project provides grocery and additional retail opportunities to areas currently under served by retail.



Questions?

